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China: Arms Sales 1988 A Reference Aid (U)

Defense Research Reference Series



Defense Intelligence Agency

DDB-1940-42-89
A.....

INA: ARMS SALE

Benefits to Beijing

Foreign military sales are a major foreign exchange earner, and China is aggressively pursuing them to counter its international cash-flow problems. Moreover, expanded markets for military weapons stimulate production in China's underutilized defense industries, and profits from these sales facilitate modernization. Since profits from weapons sales also supplement the defense budget, the military can better afford to selectively acquire advanced weapon system technology from other nations. Despite the shift to profits as a driving force, Beijing still uses arms sales to support its foreign policy objectives in the Third World.

Outlook

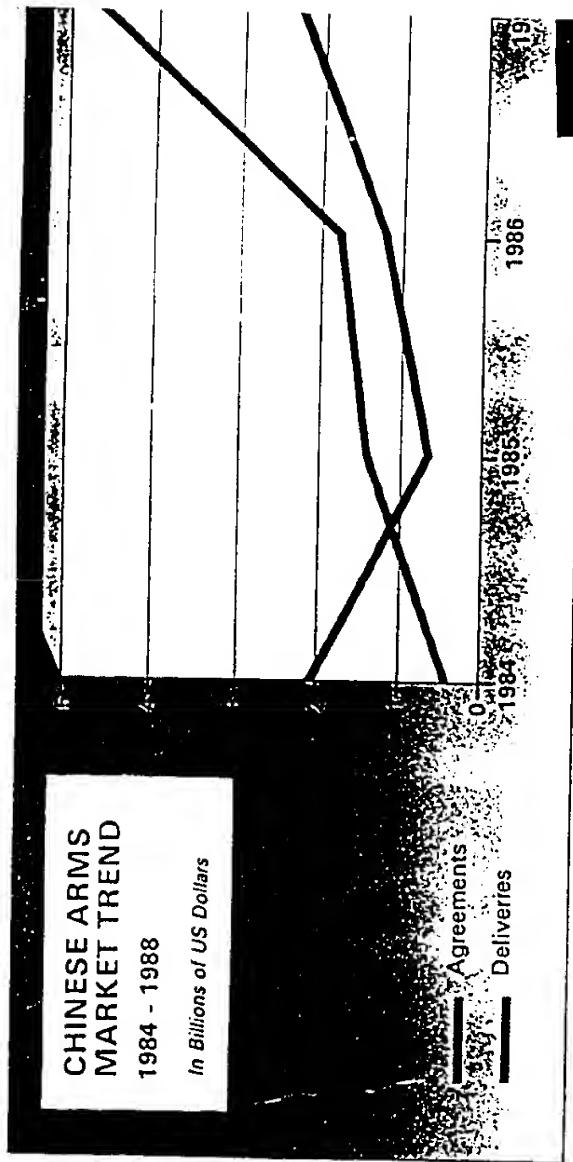
CHINESE ARMS MARKET TREND

1984 - 1988

In Billions of US Dollars

Agreements
Deliveries

1984 1985 1986 1987 1988



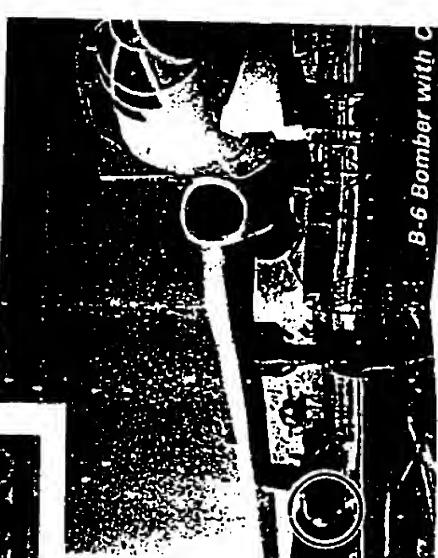
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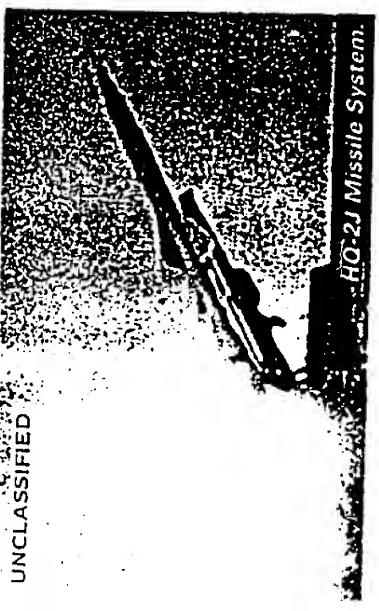
UNCLASSIFIED



F-7M Aiguard.



B-6 Bomber with C



HQ-2J Missile System.